

**THE ANNUAL REPORT
OF THE
MISSOURI
PUBLIC SERVICE COMMISSION
1981-82**



Missouri Public Service Commission

Area Code 314
751-3234

P.O. BOX 360
JEFFERSON CITY
MISSOURI 65102

Commissioners:

JOHN C. SHAPLEIGH

Chairman

LEAH BROCK MCCARTNEY

CHARLES J. FRAAS

LARRY W. DORITY

CHARLOTTE MUSGRAVE

HARVEY G. HUBBS

Secretary

KENT M. RAGSDALE

General Counsel

TO: The Honorable Christopher S. Bond,
Governor of the State of Missouri
and
The General Assembly of the State of Missouri

On behalf of the Missouri Public Service Commission,
I submit to you its annual report for the fiscal year of
July 1, 1981 through June 30, 1982.

Respectfully submitted,

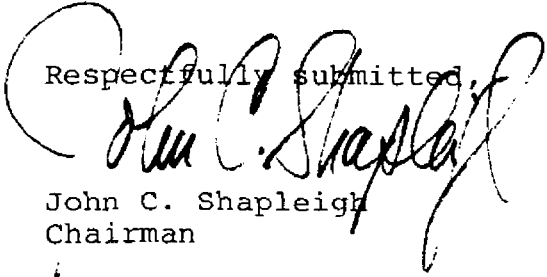

John C. Shapleigh
Chairman

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INTRODUCTION

The Missouri Public Service Commission (PSC) was established in 1913 to ensure that privately owned utility monopolies, such as gas, electric and telephone companies, charge fair prices and offer safe and adequate service to their customers. The Commission also regulates bus, truck and rail industries that also operate in an atmosphere of limited competition.

The PSC not only regulates investor-owned electric, gas and telephone companies; it also regulates mobile telephone, water, sewer, steam companies and mobile home and recreational vehicle manufacturers and dealers. The Commission has limited authority over electric cooperatives in the area of safety but does not determine their rules or rates.

The PSC does not regulate services provided by city and county governments, water and sewer districts and transportation authorities.

Also the PSC is limited in its jurisdiction to the intrastate operations of the companies it regulates. Interstate activities of those companies are subject to federal regulation.

The Commission comprises five Commissioners who are appointed by the Governor with the advice and consent of the state senate to six-year terms or the unexpired term of the person being replaced. The Governor also names the Commission's Chairman.

The Commission employs a staff of about 250 people, including lawyers, accountants, economists, engineers, hearing reporters and staff support personnel.

CHARLES J. FRAAS

Charles J. Fraas, Jr., was appointed the Chairman of the Public Service Commission on January 22, 1981 by Governor Christopher S. Bond. Appointed to the Commission on November 22, 1977, Fraas previously served as Chairman during 1978 and 1979.

Immediately prior to joining the Commission, Fraas was Associate County Counselor for Jackson County (Kansas City).

For more than five years, Fraas served as Chief Warrant Officer for the Jackson County Prosecuting Attorney's Office, where he was responsible for initiating all criminal prosecutions within the county. He conducted the proceedings before the continuing Grand Jury, as well as other trial duties.

Fraas also practiced as corporate counsel for a firm in the data processing industry and has taught legal subjects at the undergraduate level. He was a law clerk to a United States Appellate Judge immediately upon graduation from law school and engaged in private practice prior to becoming an assistant prosecuting attorney.

Fraas received a bachelor's degree in history from Rockhurst College in 1958 and a juris doctor degree from the University of Missouri - Kansas City Law School in 1964.

A member of the Missouri Bar Association and the National Association of Regulatory Utility Commissioners (NARUC), Fraas also serves as a member of NARUC's Executive Committee, the Ad Hoc Committee on Liaison with the Office of Management and Budget and is Chairman of the Committee on Engineering. He also served on the Ad Hoc Committee on the National Energy Act.

Fraas is a Democrat. His term expires on May 7, 1983.

LEAH BROCK McCARTNEY

Leah Brock McCartney became the first black to serve on the Public Service Commission when her nomination was confirmed in 1977. This is only one of the many milestones she has achieved in her legal career.

That career began with a major achievement when she became the first black woman to graduate from the George Washington University Law School in Washington, D.C., with a juris doctor degree. Even while working full time, she managed to graduate in three years with the highest grade point average in her third-year class.

Mrs. McCartney also was the first woman municipal judge of record in Missouri. A resolution from the Missouri Senate commends her for being the first woman to sit on the bench, either by election or appointment.

Of all her achievements, however, Mrs. McCartney is most proud of an award from the residents of Kinloch thanking her for the steps she took to improve their community while municipal judge. While serving as municipal judge in Kinloch, Mrs. McCartney commuted between St. Louis and Tulsa, Oklahoma where she taught law at the University of Tulsa.

Mrs. McCartney also served as a tax attorney with the Internal Revenue Service and as an attorney-advisor for the Treasury Department.

Before moving to Jefferson City, she was a Director of the Legal Aid Society of St. Louis, a trustee of the University City Public Library and a member of several boards and agencies of the United Methodist Church.

In addition to graduating from George Washington Law School, Mrs. McCartney received an education degree from Lincoln University in Jefferson City.

Mrs. McCartney is a Democrat. Her term expires May 22, 1983.

LARRY WAYNE DORITY

When Larry DORITY was unanimously confirmed by the State Senate in the spring of 1979, the 27-year-old Springfield Republican became the youngest person ever to serve on the Public Service Commission.

DORITY received a B.A. degree, cum laude, in 1973 from Drury College, graduating with departmental distinction in Business Administration and Economics.

DORITY received his law degree from the University of Missouri-Columbia School of Law in December 1975 and was a member of the Springfield law firm of Bussell, Hough and O'Neal prior to joining the Commission.

A member of the National Association of Regulatory Utility Commissioners, DORITY serves on NARUC's Committee on Communications.

DORITY is a Republican. His term expires on April 15, 1985.

JOHN C. SHAPLEIGH

John C. Shapleigh, 32, of St. Louis, joined the Missouri Public Service Commission on February 17, 1981, following his appointment by Missouri Governor Christopher S. Bond and confirmation by the Missouri Senate. Prior to joining the Commission, Shapleigh was a law clerk for the Consumer Protection Division of the Missouri Attorney General's Office, Counsel to the Governor of Missouri, and an attorney with the St. Louis law firm of Lewis, Rice, Tucker, Allen & Chubb. He graduated with senior-year honors from Dartmouth College in 1972 and received his law degree from the Washington University School of Law in 1976, where he was an Editor for the Washington University Law Quarterly. While practicing law in St. Louis, he also taught at the Washington University School of Law as an Instructor in Law and served in 1979-80 as the Prosecuting Attorney of Webster Groves, Missouri.

Shapleigh has served in many positions with the Metropolitan Bar Association of St. Louis, Missouri Bar, American Bar Association and International Bar Association. In 1979, he received the President's Award of the Missouri Bar and the Distinguished Service Award of the Young Lawyers Section of the Missouri Bar. At the request of the Missouri Supreme Court, he has served as Special Representative for the 22nd Judicial Circuit (St. Louis) Bar Committee, which handles cases involving allegations of attorney misconduct. He is a former member of the Board of Directors of the Missouri Lawyers Credit Union and the Council of the Missouri Bar Young Lawyers Section.

Shapleigh now serves as Chairman of the State Administrative Law Committee of the ABA Section of Administrative Law, as Reporter to the Select Committee of the Missouri Bar studying the proposed new rules of attorney professional conduct, and he is a member of the Committee on Administration of the National Association of Regulatory Utility Commissioners.

Shapleigh is a Republican. His term expires April 15, 1985.

CHARLOTTE MUSGRAVE

On October 7, 1981, Charlotte Musgrave was appointed to the Commission by Governor Christopher S. Bond.

A Jackson County Republican who since 1978 has served as a member of the Jackson County Legislature from the Westport and Country Club Plaza areas, she has been active in neighborhood associations in the Kansas City community.

She received the Joseph B. Shaughnessy Community Service Award from the Westport Tomorrow Association in May 1980 and the President's Recognition Award for Community Service from Penn Valley Community College, also in May 1980.

In past years, she has served as president of the Westport Community Council, West Plaza Neighborhood Association and other community groups in the Westport area. She also has served as a member of the Truman Medical Center Board of Directors and the Economic Development Commission of Jackson County and Kansas City Sister City Commission.

Mrs. Musgrave has an A.A. degree from Christian College in Columbia and a B.S. degree in education from the University of Missouri - Columbia.

Her term will expire on April 15, 1987.

UTILITIES

The work done by the staff of the Public Service Commission deals with the regulated electric, gas, telephone, water and sewer companies. The activities of the various groups that work with the regulated utilities are coordinated by the director of the Utilities Division.

ELECTRIC

The Public Service Commission is responsible for regulating the safety, service and rates of the privately owned utilities within the state. Staff personnel specializing in all utility management disciplines, from forecasting future demand to the fine details of nuclear power plant construction, contribute in the effort to meet the public's need for electric power and to ensure adequate amounts of that power are safely delivered at a reasonable price.

In 1981, the state's 11 regulated electric utilities provided over 30 billion kilowatt-hours of electricity to their customers.

ELECTRIC RATE CASES DECIDED FROM JULY 1, 1981 THROUGH JUNE 30, 1982

| <u>DATE</u> | <u>CASE NO.</u> | <u>COMPANY</u> | <u>COMPANY REQUESTED %</u> | <u>LOWEST RECOMMENDATION</u> | <u>PSC ALLOWED %</u> |
|-------------|-----------------|---------------------------|--------------------------------|----------------------------------|--------------------------|
| 7/13/81 | ER-81-79 | Citizens Electric Corp. | \$ 1,700,000 (17.7) | \$ 1,041,947 | \$ 1,041,947 (10.8) (A) |
| 7/13/81 | ER-81-180 | Union Electric | 91,000,000 (15) | 49,975,000 | 49,975,000 (8.23) (A) |
| 8/10/81 | ER-81-180 | Union Electric | 14,894,493 (2.4) | 14,894,493 | 14,844,493 (2.4) (B) |
| 8/27/81 | ER-81-209 | Empire District Elec. | 15,300,000 (22) | 11,620,014 | 11,600,000 (17.2) |
| 12/03/81 | ER-81-276 | Missouri Edison Co. | 4,800,000 (15.4) | 3,190,000 | 3,190,000 (10.2) |
| 12/03/81 | ER-81-304 | Missouri Power & Light | 12,000,000 (15.7) | 4,529,771 | 6,727,931 (8.1) (C) |
| 2/11/82 | ER-81-346 | Missouri Utilities | 8,539,760 (21) | 2,992,360 | 3,259,128 (7.3) |
| 4/20/82 | ER-81-364 | Arkansas Power & Light | 9,196,000 (22.9) | 5,645,449 | 5,645,449 (14) (A) |
| 4/29/82 | ER-82-134 | Sho-Me Power Corp. | 9,169,413 (15) | 9,169,413 | 9,169,413 (15) |
| 6/21/82 | ER-82-39 | Missouri Public Serv. Co. | 26,700,000 (19) | 6,980,640 | 6,419,554 (4.5) |

(A) Stipulated settlements.

(B) To reflect fuel cost increases called for as part of settlement reached between participants in ER-81-180

(C) The Office of the Public Counsel did not agree to the settlement.

REGULATED ELECTRIC UTILITIES

| <u>NAME OF COMPANY</u> | <u>KWH's Sold 1981</u> | <u>INCREASE OR (DECREASE) IN KWH's SOLD FROM PREVIOUS YEAR</u> | <u>TOTAL OPERATING REVENUES 1981</u> | <u>TOTAL NUMBER RESIDENTIAL CUSTOMERS</u> | <u>TOTAL NUMBER OF CUSTOMERS</u> |
|-----------------------------|--------------------------------|--|--|---|--|
| Arkansas Power & Light Co. | 954,562,000 | 140,084,167 | 33,519,204 | 22,897 | 26,619 |
| Citizens Electric Corp. | 392,935,578 | (9,483,305) | 16,729,945 | 15,542 | 17,172 |
| Empire District Electric | 1,643,238,606 | (48,988,381) | 70,300,186 | 72,285 | 84,263 |
| Kansas City Power & Light | 5,910,804,000 | (138,445,733) | 319,933,000 | 201,147 | 229,360 |
| Missouri Edison Company | 815,493,000 | (19,701,871) | 36,270,835 | 26,917 | 31,901 |
| Missouri Power & Light | 1,646,885,000 | (70,176,793) | 83,523,923 | 79,685 | 93,004 |
| Missouri Public Service Co. | 2,201,669,000 | (108,647,000) | 130,721,112 | 117,134 | 133,639 |
| Missouri Utilities | 870,918,000 | 13,699,794 | 42,800,849 | 45,430 | 59,446 |
| St. Joe Light & Power | 1,015,179,000 | (53,042,389) | 61,114,506 | 50,299 | 56,843 |
| Sho-Me Power Corporation | 264,329,510 | (2,101,218) | 9,195,320 | 7,337 | 8,990 |
| Union Electric | <u>15,620,737,600</u> | <u>254,131,820</u> | <u>674,690,535</u> | <u>627,080</u> | <u>700,255</u> |
| TOTALS: | <u>31,336,751,294</u> | <u>(42,670,909)</u> | <u>1,478,799,415</u> | <u>1,265,753</u> | <u>1,441,492</u> |

NATURAL GAS

The Commission is responsible for regulating the safety, service and rates of 14 investor owned gas utilities operating in the State. Additionally, this Commission has safety jurisdiction over 33 municipal gas systems.

The cost of purchased gas has continued to increase and nowhere is it more evident than on a customers' bills. The primary cause of escalating price changes can be attributed to Title I of the Natural Gas Policy Act of 1978 (NGPA).

This federal action, Title I NGPA, provides for a phased deregulation of natural gas by 1985. Under the act, all newer wells will be completely deregulated by 1985 so suppliers and producers can recover the expense of exploration and development and consequently increase the gas supply. Under section 104 of the act, the price of natural gas from older and established wells, which accounts for the vast majority of natural gas Missouri customers buy, will never be completely deregulated although the price will continue to increase.

In an effort to minimize the impact of Title I NGPA on residential customers, Title II was created. Title II is known as the Incremental Pricing Provisions of the act. This portion of the act transfers a larger portion of the higher costs of new gas to large industrial boiler fuel users. The stated objectives of incremental pricing are to partially shelter residential and other high-priority users from the full immediate impact of higher gas costs and to mitigate potential disruption in the natural gas market following deregulation.

Under incremental pricing, these large boiler fuel customers will pay a cost of up to the alternate fuel price of high sulfur No. 6

residual fuel oil. The overcharges (surcharge) made from these incrementally priced customers (difference between alternate fuel price and approved tariff rates) are to be used to reduce the rates of the interstate pipeline's high-priority customers.

During fiscal year 1980-81, the Commission created a State Level Incremental Pricing Plan wherein the surcharged dollars collected through incremental pricing are retained in the State of Missouri to be used to the Direct benefit of Missouri rate payers instead of being turned over to the interstate pipeline companies, which distribute them to the benefit of all their customers in many states. This plan became effective in December 1980 and during fiscal year 1981-82 has retained approximately \$2,100,780 for the Gas Service Company and \$254,470 for Laclede Gas Company. These dollars are currently being used to reduce rates of those customers.

The Commission attempts to keep natural gas increases to a minimum and to ensure that any increases granted are allocated fairly among all customer groups.

One way to ensure each customer pays his fair share of the cost is through rate restructuring. Restructuring has resulted in a flattening of rate schedules. Customers are charged a flat rate per unit for the energy they use, instead of paying less per unit the more they use.

Currently, all of the natural gas distribution utilities use some variation of the rate form described above.

PIPELINE SAFETY PROGRAM

The Gas Department's Engineering Section is responsible for administering the Commission's natural gas pipeline safety program. The program is conducted under the auspices of the federal Department of Transportation's Materials Transportation Bureau. Engineering Section staff members conduct routine field inspections of the natural gas distribution operators throughout the state to ensure their design, construction, installation, operation, and maintenance policies, procedures, and actions meet the requirements of Commission gas safety rules and regulations. There are 33 municipally owned systems and 14 investor-owned companies that must be inspected on a periodic basis.

Probable violations of Commission gas safety rules and regulations discovered during staff inspections are reported to the operators who are then responsible for implementing appropriate corrective actions to achieve compliance. Although most enforcement is accomplished at the staff level, probable violations may be referred to the Commission and its legal staff for action if it is deemed appropriate by the Engineering Section. In FY 1981-82 the Engineering Section staff conducted 33 pipeline safety inspections with 153 probable violations of Commission gas safety rules and regulations being discovered.

Natural-gas related accidents, except those resulting from misuse of malfunction of customer facilities, involving an ignition, eruption, or explosion resulting from the escape of natural gas, which result in the loss of life, personal injury requiring the services of a physician or hospitalization, or property damage exceeding \$1,000 must be reported to the Engineering Section staff. Based upon the report received from the operator concerning the accident, the staff determines if a formal investigation is necessary.

Upon completing a formal accident investigation, the Engineering Section staff prepares a Staff Accident Report that is released as public information. Follow-up to recommendations contained in the report is conducted by the staff. Probable violations of Commission gas safety rules and regulations discovered during accident investigations are generally referred to the Commission and its legal staff for action. During fiscal year 1981-82, the Engineering Section staff conducted nine formal accident investigations.

NATURAL GAS RATE CASES DECIDED DURING FISCAL 1981-82

| <u>Case No.</u> | <u>Company Name</u> | <u>\$ Requested</u> | <u>\$ Granted *</u> | <u>Percent of Increase</u> |
|-----------------|-----------------------------|---------------------|---------------------|------------------------------------|
| GR-81-155 | The Gas Service Co. | \$15,749,900 | \$ 7,018,923 | 2.5 |
| GR-81-222 | Missouri Power & Light Co. | 1,400,000 | 1,139,489 | 4.5 |
| GR-81-244 | Missouri Utilities Co. | 1,539,352 | 1,271,315 | 6.3 |
| GR-81-245 | Laclede Gas Co. | 25,500,000 | 19,704,527 | 3.3 |
| GR-81-277 | Missouri Edison Co. | 650,000 | 200,000 | 5.0 |
| GR-81-312 | Missouri Public Service Co. | 1,250,000 | 1,106,592 | 3.6 |
| GR-81-332 | Rich Hill-Hume Gas Co. Inc. | 83,568 | 27,266 | 8.4 |
| GR-81-353 | Great River Gas Co. | 481,000 | 135,000 | 1.7 |
| GR-82-104 | Bowling Green Gas Co. | 66,956 | 46,171 | 5.7 |
| GR-82-108 | Associated Natural Gas Co. | 2,935,550 | 2,206,546 | 8.6 |

* All gas cases were stipulated settlements so the amount of increase recommended by the parties was the figure adopted by the Commission.

1981 NATURAL GAS STATISTICS

| <u>COMPANY</u> | <u>OPERATING REVENUES</u> | <u>MCF'S SOLD *</u> | <u>NUMBER OF CUSTOMERS</u> |
|-----------------------------|---------------------------|---------------------|----------------------------|
| Associated Natural Gas Co. | | | |
| Residential | \$ 14,762,466 | 3,789,228 | 40,900 |
| Commercial | 6,499,536 | 1,840,451 | 5,371 |
| Industrial | 6,244,958 | 1,919,643 | 66 |
| <u>TOTAL</u> | <u>\$ 27,506,960</u> | <u>7,549,322</u> | <u>46,337</u> |
| Bowling Green Gas Co. | | | |
| Residential | \$ 507,642 | 133,093 | 1,155 |
| Commercial & Industrial | 242,530 | 67,175 | 227 |
| <u>TOTAL</u> | <u>\$ 750,172</u> | <u>200,268</u> | <u>1,382</u> |
| The Gas Service Company | | | |
| Residential | \$157,298,118 | 45,734,836 | 370,805 |
| Commercial | 55,040,413 | 17,007,159 | 30,279 |
| Industrial | 113,348,304 | 39,453,401 | 569 |
| <u>TOTAL</u> | <u>\$325,686,835</u> | <u>102,195,396</u> | <u>401,653</u> |
| Great River Gas Company | | | |
| Residential | \$ 4,914,462 | 1,396,759 | 10,739 |
| Commercial | 1,900,746 | 572,364 | 1,388 |
| Industrial | 840,643 | 256,248 | 40 |
| <u>TOTAL</u> | <u>\$ 7,655,851</u> | <u>2,225,371</u> | <u>12,167</u> |
| Laclede Gas Company | | | |
| Residential | \$248,065,763 | 57,798,206 | 515,001 |
| Commercial & Sm. Industrial | 158,556,068 | 41,847,694 | 33,804 |
| Large Industrial | 25,549,994 | 6,918,196 | 14 |
| <u>TOTAL</u> | <u>\$432,171,825</u> | <u>106,564,096</u> | <u>548,819</u> |
| Missouri Edison Company | | | |
| Residential | \$ 2,388,715 | 515,023 | 5,333 |
| Commercial | 1,400,098 | 336,979 | 797 |
| Industrial | 5,844,824 | 2,306,624 | 7 |
| <u>TOTAL</u> | <u>\$ 9,633,637</u> | <u>3,158,626</u> | <u>6,137</u> |

*Thousands of cubic feet

| <u>COMPANY</u> | <u>OPERATING REVENUES</u> | <u>MCF'S SOLD*</u> | <u>NUMBER OF CUSTOMERS</u> |
|------------------------------|---------------------------|--------------------|----------------------------|
| Missouri Power & Light Co. | | | |
| Residential | \$ 13,389,795 | 3,366,300 | 31,226 |
| Commercial | 11,930,815 | 3,529,273 | 3,616 |
| <u>TOTAL</u> | <u>\$ 25,320,610</u> | <u>6,895,573</u> | <u>34,842</u> |
| Missouri Public Service Co. | | | |
| Residential | \$ 13,223,581 | 3,884,008 | 35,697 |
| Commercial | 4,494,931 | 1,368,762 | 4,122 |
| Industrial | 9,706,360 | 3,620,755 | 77 |
| <u>TOTAL</u> | <u>\$ 27,424,872</u> | <u>8,873,525</u> | <u>39,896</u> |
| Missouri Utilities Company | | | |
| Residential | \$ 15,411,196 | 4,055,841 | 42,791 |
| Commercial & Industrial | 9,266,360 | 2,719,117 | 4,747 |
| Interruptible | 1,289,823 | 455,402 | 19 |
| <u>TOTAL</u> | <u>\$ 25,967,379</u> | <u>7,230,360</u> | <u>47,557</u> |
| O'Fallon Gas Service, Inc. | | | |
| Residential | \$ 1,905,982 | 304,529 | 3,335 |
| <u>TOTAL</u> | <u>\$ 1,905,982</u> | <u>304,529</u> | <u>3,335</u> |
| Osage Natural Gas Company | | | |
| Residential | \$ 203,493 | 42,703 | 579 |
| Commercial & Industrial | 115,676 | 26,196 | 106 |
| <u>TOTAL</u> | <u>\$ 319,169</u> | <u>68,899</u> | <u>685</u> |
| Peoples Natural Gas Co. | | | |
| Residential | \$ 594,853 | 121,634 | 1,290 |
| Commercial | 409,213 | 91,742 | 233 |
| Industrial | 112,251 | 26,327 | 4 |
| <u>TOTAL</u> | <u>\$ 1,116,317</u> | <u>239,703</u> | <u>1,527</u> |
| Rich Hill-Hume Gas Co., Inc. | | | |
| Residential | \$ 309,743 | 66,671 | 652 |
| Commercial & Industrial | 53,888 | 10,938 | 91 |
| <u>TOTAL</u> | <u>\$ 363,631</u> | <u>77,609</u> | <u>743</u> |

*Thousands of cubic feet

| <u>COMPANY</u> | <u>OPERATING REVENUES</u> | <u>MCF'S SOLD</u> | <u>NUMBER OF CUSTOMERS</u> |
|------------------------------|---------------------------|--------------------|----------------------------|
| St. Joseph Light & Power Co. | | | |
| Residential | \$ 1,975,981 | 394,446 | 4,010 |
| Commercial | 1,757,204 | 386,238 | 600 |
| Industrial | 1,281,624 | 300,585 | 13 |
| <u>TOTAL</u> | <u>\$ 5,014,809</u> | <u>1,081,269</u> | <u>4,623</u> |
| <u>TOTAL</u> | <u>\$890,838,049</u> | <u>246,664,546</u> | <u>1,149,703</u> |

Statistics for Annual Report Period ending December 31, 1981

TELEPHONE

Missouri's 48 telephone companies serve over 2 million customers. In the last fiscal year, approximately 30,000 new customers were added.

The Commission's Communications Department is responsible for the review, analysis and processing of all rates and practices implemented by Missouri's telephone companies. When a telephone company submits a proposed change in either its rates or practices, that becomes a formal Commission case and the department's staff then prepares testimony detailing the effect on the customers and the company for consideration by the Commission. Based on that evidence and the evidence presented by other parties, the Commission issues its report and order. The staff then verifies that the changes directed by the Commission are in accordance with the Commission's decision.

In addition to supplying rate information, the Communications Department also monitors the quality of service and conducts field investigations stemming from complaints and other non-related matters. The quality of service audits have improved significantly with the new electronic test equipment, which measures service standards in outside plant facilities and central office facilities.

Innovations in the telephone industry improved service for many customers in Missouri last year. Computerized digital switching in central offices now provide faster and clearer connections in some areas of the state, and computerized directory assistance has the capability to find numbers from entire area-code regions more quickly.

Extended area service, or toll-free calling between exchanges, continues to be a service desired by many customers. To provide EAS, the company must install trunk lines and central office equipment among the exchanges involved. Most often the expense of offering the service does not offset the amount saved by a small group of customers.

The Commission's Communications Department continues to review rates for improved mobile telephone service, a radio-telephone system by which the customer can place and receive calls from a mobile unit in much the same way as with standard telephone services. In those areas, customers generally may dial their calls from mobile units instead of using an operator to place the call.

COMPANY SIZE BY MAIN STATION

1981 - 82

| <u>COMPANY</u> | <u>Number of Main Stations</u> |
|---|------------------------------------|
| 1. Southwestern Bell Telephone - St. Louis, Mo. | 1,508,683 |
| 2. United Telephone Company - Jefferson City, Mo. | 135,526 |
| 3. Continental Telephone Company - Wentzville, Mo. | 121,000 |
| 4. General Telephone Company of Missouri - Columbia, Mo. | 84,420 |
| 5. Central Telephone Company - Ft. Dodge, Iowa | 37,803 |
| 6. Allied Telephone Company - Little Rock, Ark. | 14,809 |
| 7. Missouri Telephone Company - Columbia, Mo. | 13,605 |
| 8. Grand River Mutual Telephone Corp. - Princeton, Mo. | 13,022 |
| 9. Doniphan Telephone Company - Doniphan, Mo. | 9,842 |
| 10. Fidelity Telephone Company - Sullivan, Mo. | 8,803 |
| 11. Chariton Valley Telephone Company - Bucklin, Mo. | 7,274 |
| 12. Webster County Telephone Co. - Marshfield, Mo. | 4,102 |
| 13. Mark Twain Rural Telephone Co. - Hurland, Mo. | 3,902 |
| 14. Northeast Missouri Telephone Co. - Green City, Mo. | 3,569 |
| 15. Citizens Telephone Company - Higginsville, Mo. | 3,166 |
| 16. Mid-Mo Telephone Company - Pilot Grove, Mo. | 3,155 |
| 17. Kingdom Telephone Company - Auxvasse, Mo. | 3,101 |
| 18. Green Hills Telephone Corp. - Breckenridge, Mo. | 2,937 |
| 19. Steelville Telephone Company - Steelville, Mo. | 2,915 |
| 20. Craw-Kan Telephone Company - Girard, Kansas | 2,574 |
| 21. Eastern Missouri Telephone Company - Bowling Green, Mo. | 2,353 |
| 22. Granby Telephone Company - Granby, Mo. | 2,023 |
| 23. Seneca Telephone Company - Seneca, Mo. | 2,014 |
| 24. McDonald County Telephone Company - Pineville, Mo. | 1,938 |
| 25. Carter County Telephone Company - Van Buren, Mo. | 1,713 |
| 26. Rock Port Telephone Company - Rock Port, Mo. | 1,510 |
| 27. Ellington Telephone Company - Ellington, Mo. | 1,487 |
| 28. KLM Telephone Company - Rich Hill, Mo. | 1,463 |
| 29. Bourbeuse Telephone Company - Sullivan, Mo. | 1,328 |
| 30. Goodman Telephone Company - Goodman, Mo. | 1,291 |
| 31. Iamo Telephone Company - Coin, Iowa | 1,189 |
| 32. Oregon Farmers Mutual Telephone Co. - Oregon, Mo. | 992 |
| 33. Lathrop Telephone Company - Lathrop, Mo. | 947 |
| 34. Orchard Farm Telephone Company - St. Charles, Mo. | 929 |
| 35. Stoutland Telephone Company - Columbia, Mo. | 853 |
| 36. Le-Ru Telephone Company - Stella, Mo. | 846 |
| 37. Miller Telephone Company - Miller, Mo. | 831 |
| 38. New London Telephone Company - New London, Mo. | 693 |
| 39. Nodaway Valley Telephone Company - Kansas City, Mo. | 649 |
| 40. Mo-Kan Telephone Company - Columbia, Mo. | 492 |
| 41. Continental of Arkansas - Wentzville, Mo. | 439 |
| 42. Wheeling Telephone Company - Columbia, Mo. | 384 |
| 43. Choctaw Telephone Company - Halltown, Mo. | 372 |
| 44. New Florence Telephone Company - New Florence, Mo. | 346 |
| 45. Alma Telephone Company - Alma, Mo. | 335 |
| 46. Peace Valley Telephone Company - Peace Valley, Mo. | 277 |
| 47. F & M Telephone Company - Farber, Mo. | 234 |
| 48. Continental Telephone Company of Iowa - Knoxville, Iowa | 62 |
| TOTAL MAIN TELEPHONES IN MISSOURI | 2,011,489 |

TELEPHONE

| CASE NO. | COMPANY | AMOUNT REQUESTED | STAFF RECOMMENDATION | AMOUNT GRANTED |
|-----------|---------------------|---------------------|-------------------------|-------------------|
| TR-81-169 | Mid-Mo. Tele. | \$ 89,415 | \$ 89,415 | \$ 89,415 |
| TR-81-208 | Southwestern Bell | 129,544,000 | 86,000,000 | 88,286,000 |
| TR-81-252 | Tel-Missouri, Inc. | 41,000 | 23,000 | 23,000 |
| TR-81-237 | Northeast Mo. Rural | 304,193 | 255,407 | 255,407 |
| TR-81-302 | United Tele. Co. | 8,076,000 | 658,500 | 658,500 |
| TR-81-306 | Carter County Tele. | 87,021 | 87,021 | 87,021 |
| TR-81-335 | Mobile Radio Comm. | 96,744 | 96,744 | 96,744 |

WATER AND SEWER

The Commission's Water and Sewer Department is responsible for overseeing the rates and practices of the state's 157 certificated regulated water and sewer companies (78 water, 79 sewer). In addition to their other duties, the section's staff also checks to ensure water and sewer services are actually needed before allowing the company to operate and oversee the sale or transfer of ownership of the companies.

In the last fiscal year; the section handled 26 small company rate cases and major rate cases for 8 water and 11 sewer companies. The staff also provided assistance with the handling of 6 formal complaints and 148 informal complaints and 270 inquiries.

In order to ensure customers are provided with adequate service, the staff inspected 48 water, 37 sewer and 21 water and sewer companies. The staff also provided recommendations to the Commission on the sale of 1 sewer and 3 water companies, 6 eminent domain cases, 2 sewer, 6 water and 2 water and sewer company finance cases, and 2 contract cases involving issues between companies and specialized customers.

While the Public Service Commission is concerned with the quality of the customer's service, the Department of Natural Resources oversees the overall quality of water in the state and problems dealing with pollution.

The Department of Natural Resources also reviews the design of wells, treatment plants (both water and sewer), sewage collection systems, lift stations, water distribution systems and pressure booster stations.

Since the Public Service Commission and the Department of Natural Resources both oversee aspects of the water and sewer industry that affect the quality of the customers' service, a great number of problems are of a concern to both agencies. A cooperative agreement was developed this year between DNR staff and PSC staff and approved by the Commission.

WATER & SEWER RATE CASES DECIDED DURING 1981-82

| <u>DATE</u> | <u>CASE NO.</u> | <u>COMPANY</u> | <u>COMPANY REQUESTED</u> | <u>LOWEST RECOMMENDATION</u> | <u>PSC ALLOWED</u> |
|-------------|----------------------|---------------------------|------------------------------|----------------------------------|------------------------|
| 10/15/81 | WR-81-248* | Missouri Utilities Co. | \$ 701,612 | \$ 472,702 | \$ 472,702 |
| 1/01/82 | WR-81-310* | St. Joseph Water Co. | 755,300 | 379,808 | 379,808 |
| 1/16/82 | WR-81-280/SR-81-281* | Missouri Cities Water Co. | 1,807,300 | 755,000 | 755,000 |
| 3/19/82 | WR-81-363* | Missouri Water Co. | 1,843,547 | 1,527,066 | 1,527,066 |
| 5/1/82 | WR-82-18* | Raytown Water Co. | 170,200 | 130,000 | 130,000 |
| 5/14/82 | WR-82-55* | Empire Dist. Elect. Co. | 140,002 | 138,162 | 138,162 |
| 10/1/81 | SR-81-192* | Saline Sewer | 92,295 | 91,293 | 91,293 |
| 11/1/81 | SR-82-74* | West Elm Place Corp. | 23,651 | 23,508 | 23,508 |
| 1/15/82 | SR-81-339* | Sunrise Sanitation Co. | 34,824 | 33,420 | 33,420 |
| 6/1/82 | SR-82-57* | Martigney Creek Sewer Co. | 109,702 (a) | 130,702 | 130,702 |

(a) Interim rate increase subject to refund pending final decision by the Commission.

* Stipulated settlement. The amount allowed and lowest recommendation are the same in settled cases since all participants agree to the amount of increase needed prior to reaching the settlement.

SUPPORT SERVICES

The Utilities Division has some departments that don't oversee the rates or practices of any one type of utility but provide the Commission with accounting and financial evidence, management studies, data processing and personnel to handle complaints.

GENERATING FACILITIES

The Generating Facilities division performs evaluations in two major areas: the costs of construction and operation of electric generating facilities and the need for future electric generating capacity.

The cost monitoring section performs construction audits to review and evaluate the construction organization, cost controls, accounting practices and project costs related to electric generating units. Units audited by the Staff include those listed below:

| <u>Plant</u> | <u>Company</u> | <u>Case No.</u> | <u>Location</u> |
|--------------------------------------|------------------------------|-----------------|-------------------|
| Callaway Plant Unit 1 | Union Electric | EO-82-86 | Reform, Mo. |
| Callaway Plant Unit 2 | Union Electric | EO-82-87 | Reform, Mo. |
| Wolf Creek Generating Station Unit 1 | Kansas City Power and Light | EO-82-88 | Burlington, Kans. |
| Jeffrey Energy Center Unit 3 | Mo. Public Service Company | (A) | Topeka, Kans. |
| Independence Unit 1 | Arkansas Power and Light Co. | (A) | Little Rock, Ark. |

(A) Does not have case no. at this time.

Power plant and power system evaluations include the evaluation of power transmission system performance and the modeling of power plant thermal-hydraulics to perform a cost-benefit analysis on equipment rehabilitation.

The capacity planning section performs evaluations of the planning process used by the electric utilities in determining the need for power and best alternatives for meeting that need. The Staff performed an analysis of Kansas City Power & Light Company's generation expansion program for the period 1980-2000 (Case No. EO-81-101). The analysis included the energy need forecast methods, generating unit methods, least cost alternative facilities and load management conservation projects.

OFFICE OF FINANCIAL ANALYSIS

The Financial Analysis Division has three primary duties: to prepare testimony and exhibits on behalf of the staff for rate cases, to monitor the earnings of the utilities on a monthly basis and to make recommendations regarding the utilities' financing methods. In addition to these duties, it also is available for any financially related analysis requested by the Commission or the staff.

Preparing testimony and exhibits on behalf of the staff is the most important function of the Financial Analysis Division because of the filing deadlines that must be met during a rate case. The division presents a recommended rate of return for the jurisdictional investment of a utility or a return the analysts determine is fair for a utility to be allowed to earn on its rate base.

On a monthly basis, 28 of the larger electric, gas, telephone and water utilities report specified financial data to the office. The data is subjected to a computer analysis. The computer produces a summary of the utilities' earnings.

In emergency rate case proceedings, one or more of the four analysts may be asked to prepare testimony or give their opinion as to the existence of a financial emergency.

This office reviews and makes recommendations regarding all issuances of long-term debt, preferred stock and common stock requested by utilities. Traditional methods of financing are still applied for, but in recent years, innovative financings, such as the use of bankers' acceptances, Eurodollar loan arrangements, nuclear fuel financing and intermediate-term loans that have a floating rate, have been requested.

One of the financially related recommendations requested of the Financial Analysis Division has been regarding an interest rate to use for customer deposits. This office has also published a financial comparison of Missouri electric utilities to other utilities nationwide.

CUSTOMER SERVICES

The Customer Services Department handles complaints consumers lodge against the companies regulated by the Commission. This department provides the Commission with a valuable link to the consuming public.

The department handles two types of complaints, informal and formal. An informal complaint can be made by telephone or by writing. Once an informal complaint is lodged, the staff tries to work with the customer and the company to resolve the problem. A formal complaint must be in writing and on occasion can be the outgrowth of an informal complaint that was not resolved to the customer's satisfaction. As part of the process of handling a formal complaint, the staff will conduct an investigation, which might include a visit to the customer's home or the overseeing of the testing of a meter, and recommend to the Commission how the complaint should be decided. The Commission will then hold a formal hearing to let the customer and the company present their evidence before reaching a decision.

The Commission has customer complaint offices in Jefferson City, St. Louis and Kansas City. The Commission also has a toll-free hotline, 1-800-392-4211.

Over the last fiscal year, the number of both informal and formal complaints handled by the Customer Services Department has decreased.

The Customer Services Department saw the number of complaints fall from 9,826 in 1980-81 to 8,818 in 1981-82.

Below is a chart showing the number of complaints by type of utility and the number for the preceeding year.

| <u>UTILITY</u> | <u>1980-81</u> | <u>1981-82</u> |
|----------------|----------------|----------------|
| Telephone | 4,175 | 3,432 |
| Gas | 2,789 | 2,877 |
| Electric | 2,403 | 2,014 |
| Water & Sewer | 359 | 418 |

In the last fiscal year, the Kansas City office received 1,888 complaints as compared to the 2,001 received during fiscal year 1980-81. In the same time frame, the Jefferson City office's number of complaints decreased from 6,054 to 4,975 and the St. Louis office's number increased from 1,771 to 1,955.

Consumers continued to use the telephone more frequently than other methods for lodging a complaint. During fiscal 1981-82, the number of complaints received over the telephone decreased to 7,393 from the 8,774 received over the telephone in the preceeding fiscal year. The number of written complaints decreased from 1,563 to 1,243 and walk-in inquiries decreased from 214 to 182.

The Commission's toll-free hotline received 2,960 calls this past fiscal year as compared to 3,626 the year before.

ELECTRONIC DATA PROCESSING DEPARTMENT

The Electronic Data Processing Department provides the Commission with the computer technology needed to help streamline the regulation of the state's utilities and motor carriers.

Founded with one employee in 1973, the department is now a ten-person operation that keeps up on the latest in computer developments.

One of the department's major projects was the redevelopment of the Exhibit Manipulation system (EM system), which was designed for the Accounting staff.

By linking five aspects of accounting together, the EM system makes report formatting a more efficient process, makes file building easier and allows the staff access to an interest expense formula. The system was totally rewritten to accomodate the change from the McDonnell Douglas Automation to the State Data Center.

With the help of its consulting firm, Coopers and Lybrand, the department completed an Automated Annual Reporting System (AARS), which enables the Transportation Department to perform statistical tests and historical comparisons on the rate base carriers.

Development on the personnel system, which will simplify the maintenance of personnel records and job applications, was started during the fiscal year.

New equipment was purchased to facilitate some of the activities of the Commission. ATV/Jacquard word processing equipment assists hearing reporters and allows transcripts from court hearings to be available within 24 hours. An IBM minicomputer was leased to aid in remote processing and data entry.

OFFICE OF MANAGEMENT SERVICES

The Office of Management Services was created in 1976 and charged with the responsibility of performing management audits of utilities operating under the regulatory jurisdiction of the Commission.

The management audit program provides a systematic process for examining and evaluating the methods, techniques, management systems and procedures used by regulated companies to manage their resources. The primary purpose of such an examination is to determine what, if any, changes could be instituted in the operations of a utility that would result in increased efficiency and/or an improved level of service to the customers. Since the results of the audit are documented in a report, the management audit process also provides a source of information to the Commission and the public describing the operations of the utility.

Missouri is one of five states that has a regulatory commission with a staff capability to perform management audits of utility companies. Although the Commission has ordered both consultant and staff-performed management audits of utilities, the thrust of the program in Missouri has been on the staff-performed management audit.

In addition to the general management audits, the Office of Management Services has also performed customer service audits, selective audits relating to specific issues in rate cases, and special studies that have been ordered by the Commission.

| <u>Case Number</u> | <u>Utility/Type of Audit</u> | <u>Performed by/ Status</u> |
|--------------------|--|--|
| EO-79-127 | Kansas City Power & Light Company Management Audit, Implementation Review | Office of Management Services/ Completed; Sept., 1981 |
| * EO-81-313 | Citizens Electric Corporation Management Audit | Office of Management Services/ Audit Initiated; May, 1981 |
| * GO-82-110 | Rich Hill-Hume Gas Company Management Audit | Office of Management Services/ Audit Initiated; Oct., 1981 |
| * EO-82-171 | Missouri Public Service Company Management Audit | Office of Management Services/ Audit Initiated; Jan., 1982 |

*Audit not complete at end of fiscal year.

ACCOUNTING DEPARTMENT

The Accounting Department provides the Commission with the technical experts needed to properly review requests made by utilities for rate increases.

The Accounting Department's interpretation of the financial records provides the basis for the staff's testimony on most requests for rate increases. By thoroughly auditing any company requesting a rate increase, the Accounting Department helps the Commission ensure that rates are fair and reasonable.

Over the last fiscal year, the Accounting Department completed 45 rate case audits, 32 small informal rate case audits and reviewed the annual reports submitted by the utilities.

Its activities required a total of 47,176 hours. In fiscal 1980-81, the department performed 72 audits that required 46,900 hours.

TRANSPORTATION

The Transportation Division covers the rates and services provided by Missouri's bus, truck and railroad companies and also the construction and sale of mobile homes, recreational vehicles and modular units.

The Commission only has authority over the intrastate activities of the companies or the routes they provide with service in Missouri. The interstate activities of the companies are subject to the jurisdiction of the Interstate Commerce Commission. Private carriers that do not operate for hire and farm-to-market truckers also are exempt from Commission regulation.

Through its various sections the Transportation Division provides to the Commission recommendations on proposed operating authorities and rate relief requested by motor carriers. The division's staff checks truckers for adequate insurance coverage and licenses while making sure that state truck regulations are enforced. State bus laws also are enforced by the Transportation Division's staff. Staff members oversee bus companies to ensure passengers receive safe transportation and prepare evidence on proposed route changes, which must be approved by the Commission.

Rail safety also is promoted by the Transportation Division. Through its contributions to Operation Lifesaver, a joint effort by industry, government and public officials, the division has tried to reduce the number of crossing-related deaths in Missouri.

Manufactured Home regulation is also a responsibility of the Transportation Division. Division personnel ensure that manufactured homes meet construction standards adopted by the Commission. These

units are periodically inspected at dealer lots to ensure compliance with these standards. In addition, division personnel handle complaints and grievances by owners of manufactured homes regarding the construction of these units.

MAJOR TRANSPORTATION RATE CASES FOR FISCAL YEAR 1981-82

Cases B-47,055 and B-46,609

Jefferson Lines, Inc. was granted an increase of 22.7 percent in passenger fares, a 5.1 percent express and 8.5 percent charter fare increase effective September 4, 1981.

Case B-47,152

Marianna Coach Lines was authorized to increase charter rates ranging from 11 percent to 25 percent in mileage rates and 2.9 percent to 5.0 percent in time charges effective October 26, 1981.

Case B-47,048

Airport Limosine Service was authorized to file a 7 percent increase in passenger rates effective November 30, 1981.

Case B-46,986

Effective December 21, 1981, Mid-American Coaches, Inc. was denied a 11.8 percent to 15.8 percent increase in passenger fares.

Case T-49,100

Authorized an interim increase for general commodity carriers of 6.3 percent in less than truckload traffic and accessorial services and an increase of 1.3 percent in truckload traffic effective December 29, 1981 for class and commodity-rated traffic.

Case B-47,413

Werning Bus Lines was authorized to file charter rates with an increase of 7.5 percent in live mileage and 6.4 percent deadhead mileage charge effective December 31, 1981.

Cases T-44, 914 and T-46,330

Columns 1 through 6 of Section 3 of the dump truck tariff were increased over the last permanent rates for the transportation of bulk commodities in dump trucks effective January 15, 1982 as follows:

| <u>MILES</u> | <u>COLUMN 1</u> | <u>COLUMN 2</u> | <u>COLUMN 3</u> | <u>COLUMN 4</u> | <u>COLUMN 5</u> | <u>COLUMN 6</u> |
|--------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| 1 - 9 | 9.9% | 15.3% | 21.4% | 27.4% | 15.6% | 12.8% |
| 10 - 24 | 1.9% | 4.8% | 6.7% | 9.8% | 5.7% | 4.5% |
| 25 - 50 | 3.1% | 6.4% | 6.3% | 9.8% | 7.0% | 7.9% |
| Over 50 | 6.2% | 10.8% | 10.5% | 11.2% | 11.2% | 11.3% |

Effective February 23, 1982, a new Column 7 was established on a permanent basis for the transportation of fertilizer.

Case B-49,403

Sunnyland Stages, Inc. was authorized to file tariffs reflecting an increase in charter fares in the amount of 6.9 percent for live miles, 4.8 percent for deadhead miles and 6.9 percent in time charges effective January 5, 1982.

Case B-48,883

Great Southern Coaches was authorized to file tariffs reflecting an increase of approximately 15 percent in regular route passenger fares and an increase of 16.1 percent in express rates effective January 25, 1982.

Case T-48,689 et al

Carriers who transport Household Goods were authorized to increase distance rates and accessorial charges in the amount of 15.8 percent in rate area one, 8.0 percent in rate area two, 17.6 percent in rate area three and a 9.3 percent increase in container charges in all rate areas effective May 1, 1982.

Case B-48,398

The Commission approved the tariff filing for Trenton-St. Joseph Coaches for increase charter rates effective June 30, 1982, amounting to approximately 48 percent over the last tariff filed in 1976.

Case B-49,171

Greyhound Lines, Inc. requested and testimony given for increase in passenger fares of 20 percent, express rates of approximately 17.152 percent and charter coach of approximately 6.8 percent, effective August 1, 1982. At the end of the fiscal year, a report and order had not been issued in this case.

Case T-47,154

General Commodity Carriers requested and testimony given in hearings for increase rates varying from 12.358 percent to 17.975 percent on less than 10,000 pound traffic, a 5.6 percent on 10,000 pound and over less truck load traffic and accessorial charges and a 3.0 percent on truckload traffic. At the end of the fiscal year, a report and order had not been issued in this case.

Missouri Transit Lines, Inc. requested an increase ranging from 44 percent to 47 percent for minimum charter rates. Audit investigation revealed no justification for the requested increase. (A)

Specialty Transit Company, Inc. by letter stated need to increase rates and upon audit investigation, no increase was recommended by staff. (A)

V-K Bus Lines by letter stated need for increase rates and upon audit investigation, no increase was recommended by staff. (A)

(A) There is not a formal case number because the case was handled under the special bus rate case procedure.

DEPARTMENT OF RATES, AUDITS, FINANCIAL ANALYSIS
RESEARCH AND PLANNING

The Department of Rates, Audits, Financial Analysis and Research and Planning is responsible for inspecting tariffs (rate schedules), auditing the financial reports submitted by the carriers, performing financial analysis of data submitted for rate hearings and application cases, and conducting economic research to identify quantitative needs, to evaluate statistical sampling plans and to design procedures to facilitate necessary research.

The work of this department is detailed below:

CARRIER FINANCIAL FIELD AUDITS

| <u>Type of Carrier</u> | <u>1980-81</u> | <u>1981-82</u> |
|----------------------------|----------------|----------------|
| Household Goods Carriers | 0 | 13 |
| Dump Trucks | 129 | 0 (A) |
| Passenger Carriers | 9 | 18 |
| General Commodity Carriers | 14 | 11 |
| TOTAL FIELD AUDITS | 152 | 42 |

| <u>Type of Audit</u> | | |
|---|------|------|
| Rate Compliance Audits | 64 | 48 |
| Rate Case Analysis | 8 | 20 |
| Transfer Financial Reviews | 445 | 179 |
| New and Additional Authority Financial Reviews | 5129 | 5020 |

(A) The staff, because of the number of rate cases, has only been performing audits if the carrier group has a rate case pending.

OFFICE OF RATES

The Office of Rates reviews all proposed tariffs and schedules filed by the rail and motor carriers. The office recommends whether the Commission should allow the request or suspend it pending a hearing to determine if the request is reasonable.

Carriers wishing to change their rates are required to submit any revisions 30 days prior to their effective date to allow the staff time for review. The notice requirement can be waived with approval of the Commission.

Requests are suspended if the Commission believes that more information is needed concerning the rate or schedule change. Objections filed by opponents to the request are also considered.

If suspended, there will be hearings scheduled on the request to give interested parties a chance to submit evidence. The Commission uses this information in addition to that supplied by the Audit Section in making its final decision.

Errors and violations of tariff rules are determined through rate compliance audits. Last year, 48 audits were conducted. In 1981-82, the audits were done on nine general commodity, 22 heavy machinery carriers, and 17 petroleum haulers.

OFFICE OF LICENSE

State law requires bus and truck companies to purchase licenses or stamps that must be carried by all vehicles operating in Missouri. The Office of License handles the sales of those stamps. The funds from the license sales make up a portion of the Commission's budget that is appropriated by the legislature.

The Office of License sells two types of licenses. The annual license is good for one year and the cost is \$25. A temporary license, for a 72-hour period, sells for \$5. The temporary license is for truckers who do not haul regularly in the state but are passing through to a destination in another state. The Commission charges \$1 for replacing damaged stickers.

The activities of the Office of License over the past two fiscal years is detailed below:

| | <u>1980-81</u> | <u>1981-82</u> |
|------------------|----------------|----------------|
| <u>BUS</u> | | |
| Annual Licenses | 4,441 | 5,229 |
| 72-hour Licenses | 275 | 440 |
| <u>TRUCK</u> | | |
| Annual Licenses | 88,298 | 101,348 |
| 72-hour Licenses | 70,983 | 67,392 |
| Replacements | 8 | 2 |
| FUNDS GENERATED | \$2,674,773 | \$3,003,587 |

OFFICE OF INSURANCE

Missouri truckers are required by state law to have cargo and liability insurance. It is the responsibility of the Office of Insurance to ensure carriers have the necessary insurance before operating within Missouri.

Below the Office of Insurance's work for the last two fiscal years is detailed:

| | <u>1980-81</u> | <u>1981-82</u> |
|--|----------------|----------------|
| New certificates received & filed | 12,812 | 14,823 |
| Cancellation notices received | 7,373 | 8,198 |
| Carriers suspended due to cancellation | 3,209 | 3,118 |
| Carriers reinstated upon renewal | 1,644 | 1,758 |

OFFICE OF OPERATING RIGHTS

Missouri truckers are authorized by the Commission to carry certain goods over set routes. The Office of Operating Rights handles requests carriers submit for authority to provide an area with a service. After a requested is submitted, other carriers are notified of the request and a hearing is held to allow the Commission to determine if the new service is needed. On the basis of the evidence presented in the hearing, the carrier's request is either approved or denied. Below is a breakdown of the work done by this office over the last two fiscal years:

| | <u>1980-81</u> | <u>1981-81</u> |
|---------------------------------------|----------------|----------------|
| Applications for intrastate authority | 187 | 94 |
| Initial grants of authority | 113 | 149 |
| Additional grants of authority | 87 | 79 |
| Grants of temporary authority | 63 | 102 |
| Transfers of intrastate authority | 161 | 51 |
| Interstate permits issued | 2,712 | 2,976 |
| Interstate permits revoked | 497 | 1,788 |

ENFORCEMENT DEPARTMENT

Through routine inspections and investigations from complaints, the Enforcement Department works to ensure Missouri's bus and truck companies adhere to the regulations established by the Commission and state law.

A carrier found in violation of the regulations can be prosecuted in the locality in which the incident occurred or can be called before the Commission, which can have its legal staff seek penalties in court.

A description of the department's work over the last two fiscal years follows:

| | <u>1980-81</u> | <u>1981-82</u> |
|---------------------------------------|----------------|----------------|
| Carriers contacted | 6,429 | 6,972 |
| Compliance surveys | 21 | 10 |
| Vehicles inspected | 7,650 | 8,610 |
| Bus stations inspected | 57 | 35 |
| Transferees investigated | 81 | 84 |
| Investigations conducted | 1,904 | 2,094 |
| New carrier orientation | 111 | 184 |
| Accidents investigated | 59 | 70 |
| Arrests resulting from investigations | 1,657 | 2,487 |
| Complaints received | 467 | 530 |
| Hours spent traveling | 10,890 | 11,530 |
| Accident Reports received | 134 | 101 |

MOBILE HOMES

The Mobile Homes Department has the responsibility for enforcing federal construction standards relating to mobile homes and recreational vehicles.

In 1976, the state legislature approved legislation allowing the Commission to contract with the Department of Housing and Urban Development (HUD) to act as its agent in Missouri for the enforcement of HUD's regulations on mobile homes. In return, the Commission receives federal funds calculated on the basis of the number of mobile homes sold in the state.

The same year the state legislature also passed another bill requiring manufacturers and dealers who do business in Missouri to register with the Commission. These manufacturers also must have seals attesting to the compliance with HUD regulations on any mobile homes, modular homes or recreational vehicles before they can be sold.

The department also investigates complaints concerning construction, performance and mobile home emplacement.

The activities of the department over the past two years is detailed below:

INSPECTIONS AND INVESTIGATIONS

| | <u>1980-81</u> | <u>1981-82</u> |
|---------------------------------------|----------------|----------------|
| Inspection of dealer lots | 2,150 | 2,358 |
| Inspection of out-of-state facilities | 386 | 51 |
| Inspection of modular home facilities | 12 | 12 |
| Consumer complaints handled | 396 | 391 |

FEES COLLECTED

| | <u>1980-81</u> | <u>1981-82</u> |
|--|----------------|----------------|
| Transacted sales of 2,247 RV seals | \$17,976 | \$24,152 |
| Dealer registration fees | \$ 1,000 | \$ 1,400 |
| Manufacturer registration fees | \$ 2,010 | \$ 2,430 |
| Receipts for HUD out-of-state inspec. | \$38,000 | \$ 9,196 |
| Receipts for units shipped to Missouri | \$40,000 | \$33,660 |
| Postage Assessment | <u>\$ 256</u> | <u>\$ 332</u> |
| | \$111,341 | \$85,690 |

PLAN APPROVALS & SEALS ISSUED

| | | |
|------------------------------------|--------|--------|
| Issued seals for 103 modular homes | 824 | 720 |
| Plan approvals | 11,275 | 13,800 |

RAILROAD SERVICES DEPARTMENT

The Railroad Services Department has the job of enforcing the Commission's rules and regulations and also state law relating to Missouri's railroad industry.

In addition to investigating crossing accidents and derailments, the department also investigates complaints relating to poor maintenance at crossings and working conditions of railroad employees. The staff also prepares evidence on any changes proposed by a railroad that would affect the level of service delivered to the customers.

In an effort to provide for the safety of all motorists, the staff, which prepares evidence on requests for improving crossing protection, also participates in Operation Lifesaver, a joint effort by government, industry and local officials to help curb accidents at railroad crossings.

Staff members also participate in the Federal Railroad Administration's Track Safety Program. Over the last fiscal year, the three staff members involved in that program performed 324 inspections covering 6,476 miles of track.

A summary of the department's work over the past two fiscal years is detailed below:

| | <u>1980-81</u> | <u>1981-82</u> |
|--|----------------|----------------|
| Fatal accident investigations | 16 | 16 |
| Railroad yard and building inspections | 60 | 60 |
| Grade crossing inspections | 778 | 786 |
| Grade crossing accident surveys | 22 | 20 |
| Railroad equipment inspections | 15 | 13 |
| Meetings with Railroad Officials | 189 | 204 |
| FRA track inspections | 347 | 347 |
| Industrial Track Inspections | 82 | 65 |
| Miscellaneous Inspections | 76 | 83 |
| Complaints received | 110 | 113 |
| Complaints satisfied | 88 | 89 |
| Operation Lifesaver Presentations | 11 | 12 |

THE OFFICE OF THE SECRETARY

The Office of the Secretary is responsible for providing the Commission with the administrative coordination needed to operate the various divisions in a proper fashion.

In addition to being the place where all cases and testimony are filed, the office also functions as the distributor of all Commission orders and aids in setting the schedule, or docket, for hearing the cases.

The print shop, which prints the necessary copies of orders, testimony and other documents, is an integral part of the distribution system.

Since the legal record of the Commission must be maintained, the files on all cases are kept up-to-date by the office's personnel. Those files are open to public inspection, and copies of records can be obtained for a copying fee.

The Commission's Information Department, which ensures the news media is aware of the Commission's activities that might affect consumers in their reading or listening area, also is part of this office. The number of news releases issued by the department decreased from 497 in fiscal 1980-81 to 435 in 1981-82. In the last fiscal year, the Information Department also provided information sheets for local hearings and answered inquiries from the public and the media.

The Hearing Reporters Department ensures a clear, concise record is kept of all formal proceedings before the Commission. In the last year, the department's staff spent 849.5 hours in hearings and filed 25,884 pages of transcripts. In fiscal 1980-81, the department spent 836.5 hours in the hearing room and submitted 31,248 pages in transcripts.

Through the Internal Accounting Department, the office prepares the budget that is presented to the legislature and handles the financial business of the Commission. The department also prepares and receives the assessments on regulated Missouri utilities, prepares the payroll, handles purchases of equipment and supplies, keeps records of all expenditures and does an annual audit of the transportation, license and mobile homes section.

PUBLIC SERVICE COMMISSION RECEIPTS

Public Service Commission Fund

| | Fiscal Year 1981 | Fiscal Year 1982 |
|--|---------------------|---------------------|
| Utility assessment (A) | \$4,260,617 | \$4,364,814 |
| Out-of-state audit reimbursement | \$ 18,644 | \$ 10,347 |
| Department of Transportation reimbursement | | |
| Railroad track safety program | \$ 80,659 | \$ 90,098 |
| Natural gas pipeline safety program | \$ 54,917 | \$ 74,847 |
| Miscellaneous reimbursements | \$ 532 | \$ 305 |
| Sale of surplus property | \$ 2,561 | \$ 125 |
| Total PSC Fund | \$4,417,930 | \$4,540,536 |

State Highway Fund

| | | |
|----------------------------------|-------------|-------------|
| Sale of bus and truck licenses | \$2,674,773 | \$3,002,712 |
| Sale of surplus property | \$ 1,263 | \$ 3,018 |
| Miscellaneous reimbursements | \$ 383 | \$ 9 |
| Out-of-state audit reimbursement | -0- | \$ 5,293 |
| Total State Highway Fund | \$2,676,419 | \$3,011,032 |

General Revenue Fund

Mobile Homes Division's Receipts:

| | | |
|---|-----------|-----------|
| Sale of recreational vehicle seals | \$ 17,976 | \$ 24,152 |
| Sale of modular home seals | \$ 824 | \$ 720 |
| Payment for mobile home manufacturer construction monitoring | \$ 24,977 | \$ 9,197 |
| Payment for mobile home units shipped to Missouri | \$ 35,136 | \$ 33,660 |
| Dealer registration fees | \$ 1,000 | \$ 140 |
| Manufacturer registration fees | \$ 2,060 | \$ 2,330 |

| | Fiscal Year 1981 | Fiscal Year 1982 |
|-----------------------------|---------------------|---------------------|
| Plan approvals | \$ 11,275 | \$ 13,800 |
| Postage assessment | \$ 256 | \$ 332 |
| Total Mobile Homes Division | \$ 93,504 | \$ 84,331 |

Miscellaneous receipts

| | | |
|----------------------------------|-------------------|-------------------|
| Authority fees | \$ 33,944 | \$ 32,501 |
| Fees for copies of PSC documents | \$ <u>24,428</u> | \$ <u>19,170</u> |
| Total miscellaneous receipts | \$ 58,372 | \$ 51,671 |
| Total General Revenue Fund | \$ <u>151,876</u> | \$ <u>136,002</u> |

Grade Crossing Fund

| | | |
|---|------------|------------|
| Tax on car rentals by freight line companies | \$ 351,961 | \$ 415,425 |
|---|------------|------------|

Federal Funds

| | | |
|---|-----------|-----------|
| Public Utilities Regulatory Policy Act grant for rate design investi- gations | \$ 82,215 | \$ 65,772 |
|---|-----------|-----------|

| | | |
|----------------|--------------------|--------------------|
| TOTAL RECEIPTS | <u>\$7,680,401</u> | <u>\$8,168,767</u> |
|----------------|--------------------|--------------------|

- (A) The utility assessment is made based on the expenses the Public Service Commission plans to incur in the coming year and any surplus left over from the proceeding year. Once that figure is determined it is divided into the total amount of gross operating revenues of the regulated utilities to come up with the factor for the various utilities. In Fiscal 1982, the factor was .13 per cent.

PUBLIC SERVICE COMMISSION EXPENDITURES

Operating Expenditures

Public Service Commission Fund

| | Fiscal Year 1981 | Fiscal Year 1982 |
|-----------------------|---------------------|---------------------|
| Personal service | \$3,096,481 | \$3,135,615 |
| Expense and equipment | <u>945,668</u> | <u>1,174,197</u> |
| Total PSC Fund | \$4,042,149 | \$4,309,812 |

State Highway Fund

| | | |
|-----------------------|----------------|----------------|
| Personal service | \$1,382,042 | \$1,402,131 |
| Expense and equipment | <u>444,020</u> | <u>492,121</u> |
| Total Highway Fund | \$1,826,062 | \$1,894,252 |

General Revenue

| | | |
|-----------------------|---------------|---------------|
| Personal service | \$ 128,441 | \$ 116,077 |
| Expense and equipment | <u>26,732</u> | <u>15,927</u> |
| Total General Revenue | \$ 155,173 | \$ 132,004 |

Other Expenditures

| | | |
|---------------------|--------------------|--------------------|
| License refund | \$ 14,990 | \$ 14,865 |
| Grade Crossing Fund | 208,443 | 446,600 |
| Federal Funds (A) | 67,647 | 238,742 |
| Total Expenditures | <u>\$6,314,464</u> | <u>\$7,036,275</u> |

(A) Federal funds expended in natural gas pipeline and railroad track safety programs. Also includes federal grant monies spent in an effort to adhere to the Public Utilities Regulatory Policies Act's requirements.

| | | |
|--------------------------------|--------|--------|
| Authorized number of employees | 253.66 | 245.16 |
|--------------------------------|--------|--------|

OFFICE OF THE GENERAL COUNSEL

The Office of the General Counsel is needed to provide the Commissioners with legal advice and to present the staff's position in the various cases.

As part of the hearing process, the legal staff also reviews the testimony presented by other parties and cross-examines their witnesses to help ensure the Commission reaches a reasonable decision.

The General Counsel's staff also represents the Commission in the courts and before federal agencies.

The formal rules and procedures by which the Commission operates also are drafted by the legal staff as is any legislation that is presented by the Commission to the legislature.

If the Commission decides to seek penalties against a company for a rules violation, it is the legal staff's responsibility to take action in the appropriate court.

The Office of the General Counsel's workload over the last two fiscal years is detailed below:

| | <u>FY 1980-81</u> | <u>FY 1981-82</u> |
|---|-------------------|-------------------|
| Cases filed | 2,750 | 995 |
| Cases on appeal in Mo. courts | 90 | 41 |
| Penalty cases | 30 | 11 |
| Federal cases before Federal Energy Regulatory Commission | 50 | 39 |
| Federal cases before Interstate Commerce Commission | 12 | 1 |
| Federal cases before Nuclear Regulatory Commission | 2 | 2 |
| Federal cases before Federal Communications Commission | 15 | 4 |